

Contract to cancel debt on vehicle after total loss

HB 1586 by Marchant (Cain)

DIGEST:	HB 1586 would have allowed a motor vehicle seller to offer a contract, for a separate charge, to waive the difference between the cash value of the vehicle and the amount owed if the vehicle was rendered a total loss because of theft or collision. The seller or holder could also have waived the deductible amount. The waiver would not have been considered insurance and would not have been subject to regulation by the commissioner of insurance or the Texas Department of Insurance.
GOVERNOR'S REASON FOR VETO:	"House Bill 1586 provides that parties may contract to cancel, for a fee, the difference between the value of a vehicle immediately before a loss and the amount owed on the vehicle under contract. The conditioning of this cancellation on the loss of the vehicle is in the nature of insurance and should be regulated."
RESPONSE:	Rep. Kenny Marchant, the author of HB 1586, said: "I am disappointed that the bill was vetoed. I wish that the Insurance Commissioner had appeared at public hearings held in the House and Senate and voiced his opposition at the hearing level rather than at the veto level."
NOTES:	HB 1586 was analyzed in Part Three of the April 26 <i>Daily Floor Report</i> .